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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF SULPHUR SPRINGS) DOCKET NO. E-01575A-09-0429
VALLEY ELECTRIC COOPERATIVE, INC.)
APPLICATION FOR APPROVAL OF ITS) DECISION NO. 71458
PROPOSED 2010 REST PLAN) Sulphur Springs Valley Electric, Inc.,
CONFORMING CHANGES

Sulphur Springs Valley Electric Cooperative Inc. submits the 2010 REST plan with changes to conform to the Decsion 71458. Included is a final version and a version showing all conforming changes with strikeouts and insertions noted.

RESPECTFULLY SUBMITTED this 12th day of January, 2010.

By:

David K. Bane
Sulphur Springs Valley Electric Co-op
311 E. Wilcox
Sierra Vista, Arizona 86335

DOCKETED

JAN 12 2010

Original and thirteen copies of the foregoing filed this 12th day of January, 2010, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

DOCKETED BY

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE

REST PLAN FOR 2010

A.A.C. R14-2-1814

TABLE OF CONTENTS

- I. BACKGROUND**
- II SSVEC 2010 REST PLAN**
- III MISCELLANEOUS ISSUES**
- IV ADMINISTRATION OF THE REST/SUN WATTS PROGRAM**
- V ESTIMATED RESULTS/BUDGET/TARIFF**
- VI EXIBITS (Existing and proposed tariff)**

I BACKGROUND

The Arizona Corporation Commission (“Commission”) approved the Renewable Energy Standard and Tariff Rules (“REST Rules”) in Decision No. 69127 dated November 14, 2006. Following Attorney General Certification, the REST Rules took effect on August 14, 2007. Among other things, the REST Rules require the affected utilities serving retail electric load, such as Sulphur Springs Valley Electric Cooperative (“SSVEC”) to derive certain percentages of the total energy that they sell at retail from eligible renewable energy resources.

After the REST Rules took effect, SSVEC filed tariffs to establish a REST surcharge for our members pursuant to R14-2-1808. The Commission approved these tariffs as part of Docket No. E-01575A-07-0310 Decision No. 70096. SSVEC is requesting modifications to these approved tariffs in this filing.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814 instructs the cooperatives to file “an appropriate plan for acquiring renewable energy credits for eligible renewable energy resources for the next calendar year.” Upon Commission approval, its provisions substitute for the requirement of R14-2-1804 and R14-2-1805 for SSVEC.

Pursuant to the requirements of the REST Rules, SSVEC submits this REST Plan for calendar year 2010 (the “2010 REST Plan”) for approval by the Commission.

II SSVEC 2010 REST PLAN

SSVEC will use surcharge dollars, any proceeds from consumer participation in the Green Energy Purchase Program and other potential sources (principally from approved grants and Federal clean renewable energy bonds) to fund its renewable program. These programs include both residential and commercial photovoltaic and wind project distributed generation rebates, and large-scale renewable installations, including possible participation in multi-utility joint projects. Surcharge funds will also be used to pay for the administration, advertising and promotion of these programs, as well as educational activities.

The primary parts to the SSVEC REST plan, which is called SunWatts:

- (1) The Sun Watts Green Contribution Program
- (2) The Sun Watts Residential Rebate Program
- (3) The Sun Watts Commercial Rebate and Performance Based Incentives
- (4) The public schools Clean Renewable Energy Bond program
- (5) The Sun Watts Large-Scale Generating Program
- (6) Sun Watts Residential and Small Business Loan Program
- (7) Sun Watts Loan Program for Large (over 20 kW) Systems
- (8) Solar Water Heating
- (9) Other Renewable sources from the UCPP guidelines
- (10) Additional Program incentives and grants
- (11) NET Metering
- (12) Calculating the 125% capacity
- (13) Third Party Assignment of Incentives

Each of these programs components will be presented in detail in the following pages:

(1) Sun Watts Green Contribution Program: SSVEC will continue to offer our Sun Watts Green Power Contribution Program. In this current program, members may elect to contribute additional dollars on their bills to be used to fund various renewable energy programs.

(2) Sun Watts Residential Rebate Program and Performance Based Incentives:

The SunWatts rebate program pays customers rebates or Performance Based Incentives (PBI) for the installation of qualifying photovoltaic (PV) and small wind installations. To qualify for the rebate the system can not be larger than 125% of the customers connected load. If demand data is not available, the Cooperative will estimate the annual kWh production of the unit and compare it to the prior 12 months usage history. This program will also be used in support of the Customer Self-Directed Renewable Energy Option as described in proposed Rule 1809. The Customer is eligible to participate in NET Metering. If residential customer chooses to install systems that exceed the 125% production capacity (see section 12), they will be paid using the Performance Based Incentives listed below. Payments will be made following inspection and approval of the installed unit prior to energizing the system.

For Photovoltaic systems: SSVEC will pay \$3.00 per installed watt, up to 50% of the total cost of the system or up to 60% of the installed cost using the Performance Based Incentive as listed below. For systems over 10kW or with a cost higher than \$75,000 will be paid by the Performance Based Incentive only, with a maximum total incentive payment of 60% of the system cost. The Customer will provide a meter socket to record the system production if they choose to use a PBI.

| Performance Based Incentive * | 10-Year REC and Payment Agreement (\$/kWh) | 15-Year REC and Payment Agreement (\$/kWh) | 20-Year REC and Payment Agreement (\$/kWh) |
|--------------------------------------|---|---|---|
| Grid Connected | 0.202 | 0.187 | 0.180 |
| Off-Grid | 0.121 | 0.112 | 0.108 |

*with maximum total PBI payments of **60% of system cost**:

For all wind systems: SSVEC will pay up to 60% of the installed cost using the Performance Based Rebate listed below. The Customer will provide a meter socket for the meter to record the output of the wind generated renewable system.

| Performance Based Incentive * | 10-Year REC and Payment Agreement (\$/kWh) | 15-Year REC and Payment Agreement (\$/kWh) | 20-Year REC and Payment Agreement (\$/kWh) |
|--------------------------------------|---|---|---|
| Grid Connected | 0.202 | 0.187 | 0.180 |
| Off-Grid | 0.121 | 0.112 | 0.108 |

*with maximum total PBI payments of **60% of system cost**:

(3) The SunWatts Commercial Rebate and Performance based Incentives:

For grid connected systems, SSVEC will pay an Upfront incentive or a Performance Based Incentive for C&I customers. For systems with less than 10kW of DC capacity the customer may choose either the upfront or Performance Based Incentive outlined below. For systems over 10kW or with a cost higher than \$75,000 will be paid by the Performance Based Incentive only, with a maximum total incentive payment of 60% of the system cost.

Upfront incentive: \$2.50 per DC watt up to 50% of system cost or \$75,000 max.

or

| Performance Based Incentive * | 10-Year REC and Payment Agreement (\$/kWh) | 15-Year REC and Payment Agreement (\$/kWh) | 20-Year REC and Payment Agreement (\$/kWh) |
|--------------------------------------|---|---|---|
| Grid Connected | 0.202 | 0.187 | 0.180 |
| Off-Grid | 0.121 | 0.112 | 0.108 |

*with maximum total PBI payments of **60% of system cost**:

Customer will provide the meter socket for the meter to record the Performance Based Incentive kWh production. Production based incentives will be paid monthly as a bill credit. The Cooperative will provide the meter.

Off-grid C&I systems will be paid an Upfront incentive of \$2.00 per Watt up to half the system cost or the Performance Based Incentive as listed above.

If the Commercial customer chooses to install a system that is larger than the customer's connected load as determined in section 12 below, the excess energy will be purchased by SSVEC under a negotiated Purchased Power Agreement and the system will not qualify for an Upfront or Performance Based Incentive.

(4) The Clean Renewable Energy Bonds for Schools: As part of the Federal Energy Bill of 2006, there was a provision for electric cooperatives to borrow monies at no interest. SSVEC submitted 41 projects for a total of \$11,480,000 in order to fund solar shade structures for each public school in SSVEC's service territory. SSVEC was informed by its banker in early December 2007 that the federal government has approved all of the projects submitted by SSVEC. This project was approved by the Commission as part of the SSVEC 2008 REST Plan. These systems are in operation and have a total capacity of 984,000 watts (984kW). For 2010 these bonds will continue to be repaid from the REST funds collected. Repayment budget for CREBs is \$1,045,000 per year.

(5) The SunWatts Large-Scale Generating Program: To address the need for utility grade and size renewable projects, we have added a budget line item to the REST budget for the purpose of purchasing, financing, or acquiring PPA's for large scale (over 1MW) projects. SSVEC has applied for Clean Renewable Energy Bonds (CREB) to fund a 750kW system for the new Sonoita Substation site and will use the balance of the budget for PPA's from projects from local governments and businesses that are in the process of developing large scale projects.

(6) Sun Watts Residential and Small Business Revolving Loan Program. SSVEC will continue to offer its 3% revolving loan program for residential and small business at \$2.00 per watt. The loan caps will remain at \$8,000 for residential and \$20,000 for small businesses and can be no more than 25% of the cost of the project. Loan amounts up to \$10,000 are repayable over five years and loans in the amount of \$10,001 or more will be repayable over 10 years. These will be secured loans and liens will be placed against the property.

(7) Sun Watts Loan Program for Large (Over 20 kW) Systems. SSVEC will offer a revolving loan program for large (over 20 kW) systems for our commercial and industrial customers. These customers will be able to borrow \$1.00 a watt up to \$75,000 or 25% of the cost of the project whichever is less. The interest rate on these loans will be 3%. Payments and interest from the Sun Watts Loan Program will be remitted back to the REST fund. Payments would be monthly and payable over a 60, 90, or 120 month period. These will be secured loans and liens will be placed against the property.

(8) Solar Water Heater Program. SSVEC will pay a rebate equal to \$0.75 per kWh of estimated energy saved during the system's first year of operation (this conforms to the Uniform Credit Purchase Program "UCPP" amount) based on the OG-300 ratings of the Solar Rating and Certification Corporation. Only OG-300 certified solar systems are eligible for the Sun Watts rebate. A list of OG-300 certified Solar Systems is available at the Solar Rating and Certification Corporation's website at www.solar-rating.org. In addition, the solar water heating system will be eligible for the Sun Watts loan program up to a maximum of 25% of the system cost. Residential and commercial water heater systems will be covered. Solar swimming pool heating systems are not eligible. SSVEC highly recommends that systems be installed by licensed contractors but if the member chooses to do a "self install" that the local building inspector must approve the installation to qualify for the SunWatts Rebate.

(9) UCPP Approved Technologies: SSVEC will use the incentive, specifications, and criteria developed by the UCPP Working Group as the basis for Performance Based Incentives.

| Technology | UFI | PBI |
|---|---------------------------------------|--|
| Solar Day lighting | \$.20 per kWh for first year savings | |
| Geothermal Electric Thermal | | \$.024 per kWh over 10 years \$.048 per kWh over 10 years |
| Biogas/Biomass Electric Thermal Cooling CHP-Electric CHP-Thermal | | \$.060 per kWh over 10 years \$.015 per kWh over 10 years \$.032 per kWh over 10 years \$.035 per kWh over 10 years \$.018 per kWh over 10 years |
| Solar Space Cooling | | \$.129 per kWh over 10 years |

PBI is limited to 60% of the total cost of the project

The rebates are subject to revision based on the final approved version of the UCPP.

We are working with the other AZ Cooperatives and a customer to bring a geo-thermal project on-line in 2010.

(10) Addition Program Incentives and Grants:

- SSVEC will continue our partnership with the Habitat for Humanity Program to offer renewable energy options to low-income families in cooperative service territories. SSVEC will contribute dollars to the Habitat organization for the purchase of photovoltaic and other renewable energy equipment to be installed on Habitat homes and will also assist in finding local renewable energy equipment dealers who are willing to donate products and services. The type and amount of equipment will vary from project to project. Up to two of these projects will be undertaken each year at a cost not to exceed the costs in the annual REST budget.
- SSVEC will continue to provide a \$1,500 builder advertising incentive for builders who install renewable technologies on their model homes.
- SSVEC will continue to fund a grant program for teachers in our service territory for the development of renewable curricula for the classroom. SSVEC budget intends to make up to ten \$500.00 grants per year.

(11) NET Metering: SSVEC has filed a NET Metering tariff and all customers with renewable sources and approved interconnections are eligible for NET Metering

(12) Calculating the 125% capacity to qualify for rebate or PBI

- Systems of 10kW or smaller qualifies for the rebate or PBI
- For system over 10kW and in the absence of demand data (for residential and small business) the highest 12 months (calendar year) kWh consumption in the previous three years, will be divided by 2190 (average annual PV production hours) to determine the 100% capacity level in kW which will achieve a “net zero” home or business.
- For customers with a demand history it will be 125% of the highest demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.
- If none of the above applies the customer will supply connected load data for analysis and approval by SSVEC.

(13) Third Party Assignment of Rebates:

The customer may choose to assign their rebates to a third party. The customer will sign a “third party release form” and notify the Cooperative when the job is completed to their satisfaction. Payment will then be scheduled based on the customer’s position on the reservation list.

III. MISCELLANEOUS ISSUES

RESPONSES TO ISSUES RAISED IN CHAIRMAN MAYES' APRIL 20, 2009 LETTER

- **Solar Map Development:** The development of a solar map would be an asset to Arizona's solar industry. Utility customers, solar contractors and solar developers alike could benefit from and utilize such a resource. SSVEC would support and participate in the development of such a map. Once completed the tool could be accessed and utilized through links on utility and stakeholder websites. If a project consortium approach was used, all interested parties would share in project costs proportionally based on the utility's size. Utilities should be able to utilize REST funds for this purpose at a capped level. Additionally, SSVEC would join the Arizona Cooperative's recommendation that the Arizona consortium study and utilize information from other similar state projects to streamline efforts, keep costs down and develop a superior resource.
- **Encouraging solar development in Congestion Zones:** The Arizona Cooperatives are largely comprised of relatively low-density residential or rural areas and do not have many high-density commercial or "Congestion Zones" located in their service areas. For these reasons, SSVEC does not believe that there would be any significant benefit to identifying such zones in their service territory.

- **Making heightened rebates available to early adopters and large-scale developers:** SSVEC and the other Cooperatives think that their incentive levels are currently very generous and do not believe heightened rebates for early adopters of the RES program or for those that adopt solar on a large scale are needed in their case. The recently enhanced tax credits and the over 100% increase in DG installations through 2008 and 2009 to date also indicate that still higher rebates are not necessary at this time.
- **Encourage deployment of solar on multifamily buildings and community centers:** To encourage the deployment of solar on multifamily buildings and community centers, SSVEC would target such an initiative with a program designed for this purpose. The Cooperatives would develop a program that offers multifamily building developers a performance incentive based on the actual metered output from all solar meters that would be paid based on the UCPP incentive matrix over a ten-year period.

IV. ADMINISTRATION OF THE REST PLAN /SUN WATTS PROGRAM

Annual Reporting and Plan Development: Pursuant to the Commission's Decision for SSVEC's 2008 Rest Plan (Docket No. E-01575A-07-0310, Decision No. 70096), SSVEC is to file its Annual Compliance Report no later than February 15th of each year. SSVEC hereby requests that it be permitted to file its 2009 Compliance Report and all subsequent Compliance Reports no later than March 1st of each year. SSVEC is requesting this additional two weeks to provide sufficient time to close out its financial reports for the year in accordance with its normal schedule

Advertising, Promotion, and Education: SSVEC works closely with the other Arizona Cooperatives in developing and executing the REST/Sun Watts program. SSVEC advertises in a variety of channels, including, but not limited to: bill inserts, bill messages, *Currents* (by monthly magazine), posters, television, radio, print, participation in local events (annual meetings, county fairs, etc), and the SSVEC website.

SSVEC also works in partnership with other electric providers in the state of Arizona for the Arizona Utilities for Renewable Energy Education ("AZURE") initiative. AZURE is jointly developing renewable energy education material for teachers and educators across Arizona. The group's website is www.azureeducation.com.

In order to ensure that SSVEC members receive maximum value for the REST/Sun Watts programs, SSVEC will not use more than 10% of the total surcharge funds collected for administration, research, and development, and advertising expenses.

V. ESTIMATED RESULTS/BUDGET/TARIFFS

The current REST tariff was approved in 2007 for the 2008 REST Plan, and in 2008 was enough to keep the program fully funded. We estimated that the demand for rebates would remain steady and that the REST collection levels would carry use through 2009. In 2009, with the change in the tax incentives, we saw a dramatic increase in participation which has led to delayed payments of rebates as we wait for funding from the monthly surcharge.

SSVEC would like to retain the flexibility to shift budget allocations as recommended by the ACC staff in the 2009 REST plan. SSVEC will file all budget shifts with Docket Control prior to making any changes.

| 2010 REST Budget | | |
|---------------------------------------|----|-----------|
| Estimated 2010 Collections | \$ | 3,009,635 |
| Estimated 2009 carry over | \$ | 10,000 |
| Total Budget | \$ | 3,019,635 |
| Loan Program | \$ | 200,000 |
| Program Costs (Admin, Ads, etc) | \$ | 200,000 |
| Habitat Project | \$ | 34,000 |
| CREB Bonds for Schools | \$ | 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ | 650,000 |
| SunWatts Residential Rebates | \$ | 534,381 |
| SunWatts Commercial Rebates | \$ | 356,254 |
| Total Budget | \$ | 3,019,635 |

Because SSVEC owns the PV systems under the CREBs portion of the budget (PV for Schools) these credits will be allocated to meet the R14-2-1805 distributed generation goals. For 2010 we have budgeted funds to attract additional distributed generation projects in our system to further increase the R14-2-1805 credits.

Budget Projections

REST 5 - Year Budget Projections using Funding

| | Budget Year | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| REST Revenue | \$ 3,009,635 | \$ 3,069,828 | \$ 3,131,224 | \$ 3,203,242 | \$ 3,286,527 |
| Estimated carry over from prior year | \$ 10,000 | \$ 65,787 | \$ 94,353 | \$ 150,493 | \$ 161,422 |
| Total REST Budget | \$ 3,019,635 | \$ 3,135,615 | \$ 3,225,577 | \$ 3,353,735 | \$ 3,447,949 |

Projected Budget

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program Funding (7%) | \$ 200,000 | \$ 215,000 | \$ 219,000 | \$ 224,000 | \$ 230,000 |
| Program Costs (Admin, Ads, etc) | \$ 200,000 | \$ 202,000 | \$ 203,000 | \$ 202,000 | \$ 201,000 |
| Habitat Project | \$ 34,000 | \$ 35,000 | \$ 36,000 | \$ 36,000 | \$ 36,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 650,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| SunWatts Residential Rebates | \$ 534,381 | \$ 383,169 | \$ 433,546 | \$ 508,041 | \$ 561,570 |
| SunWatts Commercial Rebates | \$ 356,254 | \$ 255,446 | \$ 289,031 | \$ 338,694 | \$ 374,380 |
| Total Projected Budget | \$ 3,019,635 | \$ 3,135,615 | \$ 3,225,577 | \$ 3,353,735 | \$ 3,447,949 |

Projected Expenses

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program | \$ 120,000 | \$ 129,000 | \$ 153,300 | \$ 156,800 | \$ 161,000 |
| Interest from loans | \$ (3,600) | \$ (7,353) | \$ (11,038) | \$ (15,322) | \$ (19,872) |
| Program Costs (Admin, Ads, etc) | \$ 200,000 | \$ 201,000 | \$ 201,503 | \$ 200,999 | \$ 200,496 |
| Habitat Project | \$ 34,000 | \$ 35,000 | \$ 36,000 | \$ 36,000 | \$ 36,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 650,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| SunWatts Residential Rebates | \$ 694,695 | \$ 459,803 | \$ 433,546 | \$ 497,880 | \$ 544,722 |
| SunWatts Commercial Rebates | \$ 213,752 | \$ 178,812 | \$ 216,773 | \$ 270,955 | \$ 318,223 |
| Total Expense Projections | \$ 2,953,848 | \$ 3,041,262 | \$ 3,075,084 | \$ 3,192,313 | \$ 3,285,569 |

| | | | | | |
|----------------------------|-----------------|-----------------|------------------|------------------|------------------|
| End of Year Balance | \$65,787 | \$94,353 | \$150,493 | \$161,422 | \$162,380 |
|----------------------------|-----------------|-----------------|------------------|------------------|------------------|

Estimated Impact of Tariff on Customers

Average Collections (\$)

| Rate Class | |
|-------------------|--------|
| Residential | 2.98 |
| General Service * | 8.95 |
| Irrigation | 35.19 |
| Rate P & IP | 127.45 |
| 3MW + Cap | 300.00 |

Percentage Reaching Caps

| Rate Class | |
|-------------------|--------|
| Residential | 65.5% |
| General Service * | 1.0% |
| Irrigation | 57.8% |
| Rate P & IP | 35.5% |
| 3MW + Cap | 100.0% |

* This rate class includes private wells that will never reach the cap and lower both the average collected and percentage reaching the cap.

Sample Customer Impacts

| Sample Customers | Average kWh | Monthly Bill Impact | |
|------------------------------------|-------------|---------------------|-----------|
| | | 2009 | 2010 |
| Average Residential Customer | 800 | \$ 1.30 | \$ 3.49 |
| Barber Shop | 3,541 | \$ 17.71 | \$ 28.10 |
| Department Store | 161,760 | \$ 42.00 | \$ 200.00 |
| Mall (less tenants) | 61,872 | \$ 42.00 | \$ 200.00 |
| Retail Video Store | 12,843 | \$ 42.00 | \$ 85.00 |
| Large Hotel | 30,700 | \$ 42.00 | \$ 200.00 |
| Large Building Supply and Hardware | 157,707 | \$ 42.00 | \$ 200.00 |
| Motel | 30,227 | \$ 42.00 | \$ 200.00 |
| Large Office Building | 78,120 | \$ 42.00 | \$ 200.00 |
| Hospital | 360,075 | \$ 42.00 | \$ 200.00 |
| Supermarket | 117,860 | \$ 42.00 | \$ 200.00 |
| Convenience Store | 18,403 | \$ 42.00 | \$ 146.06 |
| School | 67,967 | \$ 42.00 | \$ 200.00 |
| Irrigation Customer | 51,745 | \$ 42.00 | \$ 50.00 |

Estimated renewable additional capacity from 2010 program

Estimated kW added

| | |
|-----------------------------|---------|
| Large Scale Renewables PPA* | 3,653.0 |
| Residential Rebates | 118.1 |
| C&I rebates | 78.8 |
| Total | 3,849.8 |

* PPA assumes a \$0.10 adder to normal wholesale cost

Goals as a percentage of kWh sales and Renewable capacity needed to meet goals

| Renewable Energy Goals | | | | | |
|-------------------------------|--------------------------------------|--------------------|-------------------------------|--------------------------------|------------------------|
| Year | Retail Sales (MWh) from the 2008 PRS | Renewable Goal (%) | Renewable Energy Needed (MWh) | Renewable Capacity needed (MW) | Renewable MW Installed |
| 2007 | 796,093 | .5% | 3,980 | 1.8 | .14 |
| 2008 | 819,072 | .5% | 4,095 | 1.9 | .31 |
| 2009 | 886,759 | 1.00% | 8,868 | 4.0 | 2.3 |
| 2010 | 917,376 | 1.25% | 11,467 | 5.2 | 5.56* |
| 2011 | 945,922 | 1.50% | 14,189 | 6.5 | |
| 2012 | 973,679 | 1.75% | 17,039 | 7.8 | |
| 2013 | 998,033 | 2.00% | 19,961 | 9.1 | |
| 2014 | 1,023,514 | 2.25% | 23,029 | 10.5 | |
| 2015 | 1,047,502 | 2.50% | 26,188 | 12.0 | |
| 2016 | 1,073,556 | 3.00% | 32,207 | 14.7 | |
| 2017 | 1,097,220 | 3.50% | 38,403 | 17.5 | |
| 2018 | 1,122,319 | 4.00% | 44,893 | 20.5 | |
| 2019 | 1,149,655 | 4.50% | 51,734 | 23.6 | |
| 2020 | 1,176,514 | 5.00% | 58,826 | 26.9 | |
| 2021 | 1,202,185 | 5.50% | 66,120 | 30.2 | |
| 2022 | 1,228,846 | 6.00% | 73,731 | 33.7 | |
| 2023 | 1,254,640 | 6.50% | 81,552 | 37.2 | |
| 2024 | 1,281,112 | 7.00% | 89,678 | 40.9 | |
| 2025 | 1,305,392 | 7.50% | 97,904 | 44.7 | |

*Estimated

The REST Regulations Section R14-2-1814 allows the Cooperatives to submit a plan as a substitute from the percentage of kWh sold requirements as set for the investor owned utilities as set forth in R14-2-1804 and R14-3-1805. SSVEC is voluntarily setting goals in the form of a percentage of sales to conform to the reporting requirements of the non-exempt utilities.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willcox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about January 1, 2008 and billed beginning with the February 2008 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.005 per kWh subject to the following maximum per month:

| | |
|-------------------------------|----------|
| Residential Consumers | \$1.30 |
| Commercial & Industrial | \$42.00 |
| Industrial (Demand over 3MWs) | \$150.00 |

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

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SCHEDULE REST
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Effective: For electrical usage beginning on or about January 1, 2010 and billed beginning with the February 2010 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.007937 per kWh provided by the Cooperative

Subject to the following maximum per month:

| | |
|--|----------|
| Residential Consumers(Rates R, RT) | \$ 3.49 |
| General Service (Rates GS, GT, non-residential rates not listed below) | \$ 85.00 |
| Irrigation Customers (Rates CD, CW, CD-Large, IL, IS) | \$ 50.00 |
| Commercial & Industrial (Rates P, IP, PRV, PT) | \$200.00 |
| Industrial (Demand over 3MWs) | \$300.00 |

Schedule of fee's for SunWatts inspections:

| | |
|---|--------------|
| 1 st inspection | no charge |
| 2 nd inspection (if needed*) | \$ 75.00 |
| 3 rd and subsequent inspections (if needed*) | \$150.00 ea. |

* additional inspections charges are subtracted from any rebates or PBI and only required when violations of the inter-connection requirements, the National Electric Code, or safety issues are found during the current inspection that can not be corrected during the first or subsequent inspection. Inspection fee to be returned to the REST funds.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE

REST PLAN FOR 2010

A.A.C. R14-2-1814

TABLE OF CONTENTS

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- V ESTIMATED RESULTS/BUDGET/TARIFFS**
- VI EXIBITS (Existing and proposed tariffs)**

I BACKGROUND

The Arizona Corporation Commission (“Commission”) approved the Renewable Energy Standard and Tariff Rules (“REST Rules”) in Decision No. 69127 dated November 14, 2006. Following Attorney General Certification, the REST Rules took effect on August 14, 2007. Among other things, the REST Rules require the affected utilities serving retail electric load, such as Sulphur Springs Valley Electric Cooperative (“SSVEC”) to derive certain percentages of the total energy that they sell at retail from eligible renewable energy resources.

After the REST Rules took effect, SSVEC filed tariffs to establish a REST surcharge for our members pursuant to R14-2-1808. The Commission approved these tariffs as part of Docket No. E-01575A-07-0310 Decision No. 70096. SSVEC is requesting modifications to these approved tariffs in this filing.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814 instructs the cooperatives to file “an appropriate plan for acquiring renewable energy credits for eligible renewable energy resources for the next calendar year.” Upon Commission approval, its provisions substitute for the requirement of R14-2-1804 and R14-2-1805 for SSVEC.

Pursuant to the requirements of the REST Rules, SSVEC submits this REST Plan for calendar year 2010 (the “2010 REST Plan”) for approval by the Commission.

II SSVEC 2010 REST PLAN

SSVEC will use surcharge dollars, any proceeds from consumer participation in the Green Energy Purchase Program and other potential sources (principally from approved grants and Federal clean renewable energy bonds) to fund its renewable program. These programs include both residential and commercial photovoltaic and wind project distributed generation rebates, and large-scale renewable installations, including possible participation in multi-utility joint projects. Surcharge funds will also be used to pay for the administration, advertising and promotion of these programs, as well as educational activities.

The primary parts to the SSVEC REST plan, which is called SunWatts:

- (1) The Sun Watts Green Contribution Program
- (2) The Sun Watts Residential Rebate Program
- (3) The Sun Watts Commercial Rebate and Performance Based Incentives
- (4) The public schools Clean Renewable Energy Bond program
- (5) The Sun Watts Large-Scale Generating Program
- (6) Sun Watts Residential and Small Business Loan Program
- (7) Sun Watts Loan Program for Large (over 20 kW) Systems
- (8) Solar Water Heating
- (9) Other Renewable sources from the UCPP guidelines
- (10) Additional Program incentives and grants
- (11) NET Metering
- (12) Calculating the 125% capacity
- (13) Third Party Assignment of Incentives

Each of these programs components will be presented in detail in the following pages:

(1) Sun Watts Green Contribution Program: SSVEC will continue to offer our Sun Watts Green Power Contribution Program. In this current program, members may elect to contribute additional dollars on their bills to be used to fund various renewable energy programs.

(2) Sun Watts Residential Rebate Program and Performance Based Incentives:

The SunWatts rebate program pays customers rebates or Performance Based Incentives (PBI) for the installation of qualifying photovoltaic (PV) and small wind installations. To qualify for the rebate the system can not be larger than 125% of the customers connected load. If demand data is not available, the Cooperative will estimate the annual kWh production of the unit and compare it to the prior 12 months usage history. This program will also be used in support of the Customer Self-Directed Renewable Energy Option as described in proposed Rule 1809. The Customer is eligible to participate in NET Metering. If residential customer chooses to install systems that exceed the 125% production capacity (see section 12), they will be paid using the Performance Based Incentives listed below ~~of the C&I program~~. Payments will be made following inspection and approval of the installed unit prior to energizing the system.

For Photovoltaic systems: SSVEC will pay \$3.00 per installed watt, up to 50% of the total cost of the system or up to 60% of the installed cost using the Performance Based Incentive as listed in the C&I rebate section below. For systems over 10kW or with a cost higher than \$75,000 will be paid by the Performance Based Incentive only, with a maximum total incentive payment of 60% of the system cost. The

Customer will provide a meter socket to record the system production if they choose to use a PBI.

| <u>Performance Based Incentive *</u> | <u>10-Year REC and Payment Agreement (\$/kWh)</u> | <u>15-Year REC and Payment Agreement (\$/kWh)</u> | <u>20-Year REC and Payment Agreement (\$/kWh)</u> |
|--------------------------------------|---|---|---|
| <u>Grid Connected</u> | <u>0.202</u> | <u>0.187</u> | <u>0.180</u> |
| <u>Off-Grid</u> | <u>0.121</u> | <u>0.112</u> | <u>0.108</u> |

*with maximum total PBI payments of 60% of system cost;

For ~~small~~ all wind systems ~~(under 10kW combined total capacity):~~ SSVEC will pay \$3.00 per Watt up to 50% of the cost of the system ~~or~~ up to 60% of the installed cost using the Performance Based Rebate listed below ~~as listed in the C&I rebate section.~~ The Customer will provide a meter socket for the meter to record the output of the wind generated renewable system.

| <u>Performance Based Incentive *</u> | <u>10-Year REC and Payment Agreement (\$/kWh)</u> | <u>15-Year REC and Payment Agreement (\$/kWh)</u> | <u>20-Year REC and Payment Agreement (\$/kWh)</u> |
|--------------------------------------|---|---|---|
| <u>Grid Connected</u> | <u>0.202</u> | <u>0.187</u> | <u>0.180</u> |
| <u>Off-Grid</u> | <u>0.121</u> | <u>0.112</u> | <u>0.108</u> |

*with maximum total PBI payments of 60% of system cost;

~~Large wind systems~~ ~~(generation in excess of 10kW combined total capacity) for a residential Customer will be paid a performance based rebate at the same rate as the Commercial Rebate program. The Customer will provide a meter socket for the meter to record the output of the wind generated renewable system.~~

(3) The SunWatts Commercial Rebate and Performance based Incentives:

For grid connected systems, SSVEC will pay an Upfront incentive or a Performance Based Incentive for C&I customers. For systems with less than 10kW of DC capacity the customer may choose either the upfront or Performance Based

Incentive outlined below. For systems over 10kW or with a cost higher than \$75,000 will be paid by the Performance Based Incentive only, with a maximum total incentive payment of 60% of the system cost.

Upfront incentive: \$2.50 per DC watt up to 50% of system cost or \$75,000 max.

or

| Performance Based Incentive * | 10-Year REC and Payment Agreement (\$/kWh) | 15-Year REC and Payment Agreement (\$/kWh) | 20-Year REC and Payment Agreement (\$/kWh) |
|--------------------------------------|---|---|---|
| Grid Connected | 0.202 | 0.187 | 0.180 |
| Off-Grid | 0.121 | 0.112 | 0.108 |

*with maximum total PBI payments of **60% of system cost**:

Customer will provide the meter socket for the meter to record the Performance Based Incentive kWh production. Production based incentives will be paid monthly as a bill credit. The Cooperative will provide the meter.

Off-grid C&I systems will be paid an Upfront incentive of \$2.00 per Watt up to half the system cost or the Performance Based Incentive as listed above.

If the Commercial customer chooses to install a system that is larger than the customer's connected load as determined in section 12 below, the excess energy will be purchased by SSVEC under a negotiated Purchased Power Agreement and the system will not qualify for an Upfront or Performance Based Incentive.

(4) The Clean Renewable Energy Bonds for Schools: As part of the Federal Energy Bill of 2006, there was a provision for electric cooperatives to borrow monies at no interest. SSVEC submitted 41 projects for a total of \$11,480,000 in order to fund solar shade structures for each public school in SSVEC's service territory. SSVEC was informed by its banker in early December 2007 that the federal government has approved all of the projects submitted by SSVEC. This project was approved by the Commission as part of the SSVEC 2008 REST Plan. These systems are in operation and have a total capacity of 984,000 watts (984kW). For 2010 these bonds will continue to be repaid from the REST funds collected. Repayment budget for CREBs is \$1,045,000 per year.

(5) The SunWatts Large-Scale Generating Program: To address the need for utility grade and size renewable projects, we have added a budget line item to the REST budget for the purpose of purchasing, financing, or acquiring PPA's for large scale (over 1MW) projects. SSVEC has applied for Clean Renewable Energy Bonds (CREB) to fund a 750kW system for the new Sonoita Substation site and will use the balance of the budget for PPA's from projects from local governments and businesses that are in the process of developing large scale projects.

(6) Sun Watts Residential and Small Business Revolving Loan Program. SSVEC will continue to offer its 3% revolving loan program for residential and small business at \$2.00 per watt. The loan caps will remain at \$8,000 for residential and \$20,000 for small businesses and can be no more than 25% of the cost of the project. Loan amounts up to \$10,000 are repayable over five years and loans in the amount of \$10,001 or more will be repayable over 10 years. These will be secured loans and liens will be placed against the property.

(7) Sun Watts Loan Program for Large (Over 20 kW) Systems. SSVEC will offer a revolving loan program for large (over 20 kW) systems for our commercial and industrial customers. These customers will be able to borrow \$1.00 a watt up to \$75,000 or 25% of the cost of the project whichever is less. The interest rate on these loans will be 3%. Payments and interest from the Sun Watts Loan Program will be remitted back to the REST fund. Payments would be monthly and payable over a 60, 90, or 120 month period. These will be secured loans and liens will be placed against the property.

(8) Solar Water Heater Program. SSVEC will pay a rebate equal to \$0.75 per kWh of estimated energy saved during the system's first year of operation (this conforms to the Uniform Credit Purchase Program "UCPP" amount) based on the OG-300 ratings of the Solar Rating and Certification Corporation. Only OG-300 certified solar systems are eligible for the Sun Watts rebate. A list of OG-300 certified Solar Systems is available at the Solar Rating and Certification Corporation's website at www.solar-rating.org. In addition, the solar water heating system will be eligible for the Sun Watts loan program up to a maximum of 25% of the system cost. Residential and commercial water heater systems will be covered. Solar swimming pool heating systems are not eligible. SSVEC highly recommends that systems be installed by licensed contractors but if the member chooses to do a "self install" that the local building inspector must approve the installation to qualify for the SunWatts Rebate.

(9)(9)

UCPP Approved Technologies: SSVEC will use the incentive, specifications, and criteria developed by the UCPP Working Group as the basis for ~~Performance~~for Performance Based Incentives.

| <u>Technology</u> | <u>UFI</u> | <u>PBI</u> |
|---|--|---|
| Technology | UFI | PBI |
| Solar Day lighting | \$.20 per kWh for first year savings | |
| Geothermal — Electric — Thermal | | \$.024 per kWh over 10 years \$.048 per kWh over 10 years |
| Biogas/Biomass — Electric — Thermal — Cooling — CHP Electric — CHP Thermal | | \$.060 per kWh over 10 years \$.015 per kWh over 10 years \$.032 per kWh over 10 years \$.035 per kWh over 10 years \$.018 per kWh over 10 years |
| Solar Space Cooling | | \$.129 per kWh over 10 years |
| <u>Solar Day lighting</u> | <u>\$.20 per kWh for first year savings</u> | |
| <u>Geothermal</u> <u>— Electric</u> <u>— Thermal</u> | | <u>\$.024 per kWh over 10 years</u> <u>\$.048 per kWh over 10 years</u> |
| <u>Biogas/Biomass</u> <u>— Electric</u> <u>— Thermal</u> <u>— Cooling</u> <u>— CHP-Electric</u> <u>— CHP-Thermal</u> | | <u>\$.060 per kWh over 10 years</u> <u>\$.015 per kWh over 10 years</u> <u>\$.032 per kWh over 10 years</u> <u>\$.035 per kWh over 10 years</u> <u>\$.018 per kWh over 10 years</u> |
| <u>Solar Space Cooling</u> | | <u>\$.129 per kWh over 10 years</u> |

PBI is limited to 60% of the total cost of the project

The rebates are subject to revision based on the final approved version of the UCPP.

We are working with the other AZ Cooperatives and a customer to bring a geothermal project on-line in 2010.

(10) Addition Program Incentives and Grants:

- SSVEC will continue our partnership with the Habitat for Humanity Program to offer renewable energy options to low-income families in cooperative service territories. SSVEC will contribute dollars to the Habitat organization for the purchase of photovoltaic and other renewable energy equipment to be installed on Habitat homes and will also assist in finding local renewable energy equipment dealers who are willing to donate products and services. The type and amount of equipment will vary from project to project. Up to two of these projects will be undertaken each year at a cost not to exceed the costs in the annual REST budget.
- SSVEC will continue to provide a \$1,500 builder advertising incentive for builders who install renewable technologies on their model homes.
- SSVEC will continue to fund a grant program for teachers in our service territory for the development of renewable curricula for the classroom. SSVEC budget intends to make up to ten \$500.00 grants per year.

(11) NET Metering: SSVEC has filed a NET Metering tariff and all customers with renewable sources and approved interconnections are eligible for NET Metering

(12) Calculating the 125% capacity to qualify for rebate or PBI

- Systems of 10kW or smaller qualifies for the rebate or PBI
- For system over 10kW and in the absence of demand data (for residential and small business) the highest 12 months (calendar year) kWh consumption in the previous three years, will be divided by 2190 (average

annual PV production hours) to determine the 100% capacity level in kW which will achieve a “net zero” home or business.

- For customers with a demand history it will be 125% of the highest demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.
- If none of the above applies the customer will supply connected load data for analysis and approval by SSVEC.

(13) Third Party Assignment of Rebates:

The customer may choose to assign their rebates to a third party. The customer will sign a “third party release form” and notify the Cooperative when the job is completed to their satisfaction. Payment will then be scheduled based on the customer’s position on the reservation list.

III. MISCELLANEOUS ISSUES

RESPONSES TO ISSUES RAISED IN CHAIRMAN MAYES' APRIL 20, 2009 LETTER

- **Solar Map Development:** The development of a solar map would be an asset to Arizona's solar industry. Utility customers, solar contractors and solar developers alike could benefit from and utilize such a resource. SSVEC would support and participate in the development of such a map. Once completed the tool could be accessed and utilized through links on utility and stakeholder websites. If a project consortium approach was used, all interested parties would share in project costs proportionally based on the utility's size. Utilities should be able to utilize REST funds for this purpose at a capped level. Additionally, SSVEC would join the Arizona Cooperative's recommendation that the Arizona consortium study and utilize information from other similar state projects to streamline efforts, keep costs down and develop a superior resource.
- **Encouraging solar development in Congestion Zones:** The Arizona Cooperatives are largely comprised of relatively low-density residential or rural areas and do not have many high-density commercial or "Congestion Zones" located in their service areas. For these reasons, SSVEC does not believe that there would be any significant benefit to identifying such zones in their service territory.

- **Making heightened rebates available to early adopters and large-scale developers:** SSVEC and the other Cooperatives think that their incentive levels are currently very generous and do not believe heightened rebates for early adopters of the RES program or for those that adopt solar on a large scale are needed in their case. The recently enhanced tax credits and the over 100% increase in DG installations through 2008 and 2009 to date also indicate that still higher rebates are not necessary at this time.
- **Encourage deployment of solar on multifamily buildings and community centers:** To encourage the deployment of solar on multifamily buildings and community centers, SSVEC would target such an initiative with a program designed for this purpose. The Cooperatives would develop a program that offers multifamily building developers a performance incentive based on the actual metered output from all solar meters that would be paid based on the UCPP incentive matrix over a ten-year period.

IV. ADMINISTRATION OF THE REST PLAN /SUN WATTS PROGRAM

Annual Reporting and Plan Development: Pursuant to the Commission's Decision for SSVEC's 2008 Rest Plan (Docket No. E-01575A-07-0310, Decision No. 70096), SSVEC is to file its Annual Compliance Report no later than February 15th of each year. SSVEC hereby requests that it be permitted to file its 2009 Compliance Report and all subsequent Compliance Reports no later than March 1st of each year. SSVEC is requesting this additional two weeks to provide sufficient time to close out its financial reports for the year in accordance with its normal schedule

Advertising, Promotion, and Education: SSVEC works closely with the other Arizona Cooperatives in developing and executing the REST/Sun Watts program. SSVEC advertises in a variety of channels, including, but not limited to: bill inserts, bill messages, *Currents* (by monthly magazine), posters, television, radio, print, participation in local events (annual meetings, county fairs, etc), and the SSVEC website.

SSVEC also works in partnership with other electric providers in the state of Arizona for the Arizona Utilities for Renewable Energy Education ("AZURE") initiative. AZURE is jointly developing renewable energy education material for teachers and educators across Arizona. The group's website is www.azureeducation.com.

In order to ensure that SSVEC members receive maximum value for the REST/Sun Watts programs, SSVEC will not use more than 10% of the total surcharge funds collected for administration, research, and development, and advertising expenses.

V. ESTIMATED RESULTS/BUDGET/TARIFFS

The current REST tariff was approved in 2007 for the 2008 REST Plan, and in 2008 was enough to keep the program fully funded. We estimated that the demand for rebates would remain steady and that the REST collection levels would carry use through 2009. In 2009, with the change in the tax incentives, we saw a dramatic increase in participation which has led to delayed payments of rebates as we wait for funding from the monthly surcharge.

~~The current state of the economy and comments during our recent rate case, has left SSVEC in a quandary as to the REST Surcharge levels. For the 2010 REST plan, SSVEC submits three funding levels for consideration. Option #1 has no change in Surcharge amount or Cap, Option # 2 Increases the Surcharge amount from .005 to .07937 per kWh and increases the caps slightly, Option #3 uses the .07937 surcharge and increases the caps to reach the funding level to try and meet our renewable goals. SSVEC would like to retain the flexibility to shift budget allocations as recommended by the ACC staff in the 2009 REST plan. SSVEC will file all budgets shifts with Docket Control prior to making any changes.~~

| Proposed 2010 REST budget | Options | | |
|---------------------------------------|--------------|--------------|--------------|
| | # 1 | # 2 | # 3 |
| Estimated 2010 Collections | \$ 1,395,495 | \$ 2,297,234 | \$ 3,009,635 |
| Estimated 2009 carry over | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Total Budget | \$ 1,405,495 | \$ 2,307,234 | \$ 3,019,635 |
| Loan Program | \$ 98,000 | \$ 162,000 | \$ 200,000 |
| Program Costs (Admin, Ads, etc) | \$ 211,000 | \$ 300,000 | \$ 350,000 |
| Habitat Project | \$ 15,000 | \$ 17,000 | \$ 34,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 20,000 | \$ 200,000 | \$ 800,000 |
| SunWatts Residential Rebates | \$ 9,897 | \$ 349,940 | \$ 354,381 |
| SunWatts Commercial Rebates | \$ 6,598 | \$ 233,294 | \$ 236,254 |
| Total Budget | \$ 1,405,495 | \$ 2,307,234 | \$ 3,019,635 |

| <u>2010 REST Budget</u> | |
|--|---------------------|
| <u>Estimated 2010 Collections</u> | <u>\$ 3,009,635</u> |
| <u>Estimated 2009 carry over</u> | <u>\$ 10,000</u> |
| <u>Total Budget</u> | <u>\$ 3,019,635</u> |
| <u>Loan Program</u> | <u>\$ 200,000</u> |
| <u>Program Costs (Admin, Ads, etc)</u> | <u>\$ 200,000</u> |
| <u>Habitat Project</u> | <u>\$ 34,000</u> |
| <u>CREB Bonds for Schools</u> | <u>\$ 1,045,000</u> |
| <u>Large Scale Renewables (CREBs) or PPA</u> | <u>\$ 650,000</u> |
| <u>SunWatts Residential Rebates</u> | <u>\$ 534,381</u> |
| <u>SunWatts Commercial Rebates</u> | <u>\$ 356,254</u> |
| <u>Total Budget</u> | <u>\$ 3,019,635</u> |

Because SSVEC owns the PV systems under the CREBs portion of the budget (PV for Schools) these credits will be allocated to meet the R14-2-1805 distributed generation goals. For 2010 we have budgeted funds to attract additional distributed generation projects in our system to further increase the R14-2-1805 credits.

Budget Projections for all funding options.

REST 5 - Year Budget Projections using Funding Option # 1

| | Budget Year | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| REST Revenue | \$ 1,395,495 | \$ 1,423,404 | \$ 1,423,404 | \$ 1,437,638 | \$ 1,452,015 |
| Estimated carry over from prior year | \$ 10,000 | \$ 40,634 | \$ 44,765 | \$ 44,272 | \$ 46,442 |
| Total REST Budget | \$ 1,405,495 | \$ 1,464,039 | \$ 1,468,169 | \$ 1,481,910 | \$ 1,498,457 |

Projected Budget

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program Funding (7%) | \$ 98,000 | \$ 100,000 | \$ 100,000 | \$ 101,000 | \$ 102,000 |
| Program Costs (Admin, Ads, etc) | \$ 211,000 | \$ 213,000 | \$ 214,000 | \$ 213,000 | \$ 212,000 |
| Habitat Project | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| SunWatts Residential Rebates | \$ 9,897 | \$ 42,623 | \$ 44,502 | \$ 52,746 | \$ 62,674 |
| SunWatts Commercial Rebates | \$ 6,598 | \$ 28,415 | \$ 29,668 | \$ 35,164 | \$ 41,793 |
| Total Projected Budget | \$ 1,405,495 | \$ 1,464,039 | \$ 1,468,169 | \$ 1,481,910 | \$ 1,498,457 |

Projected Expenses

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program | \$ 58,800 | \$ 60,000 | \$ 70,000 | \$ 70,700 | \$ 71,400 |
| Interest from loans | \$ (1,764) | \$ (3,420) | \$ (5,040) | \$ (6,908) | \$ (8,813) |
| Program Costs (Admin, Ads, etc) | \$ 211,000 | \$ 212,055 | \$ 212,585 | \$ 212,054 | \$ 211,524 |
| Habitat Project | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 20,000 | \$ 19,600 | \$ 19,600 | \$ 19,800 | \$ 19,800 |
| SunWatts Residential Rebates | \$ 12,866 | \$ 51,148 | \$ 44,502 | \$ 51,691 | \$ 60,794 |
| SunWatts Commercial Rebates | \$ 3,959 | \$ 19,891 | \$ 22,251 | \$ 28,131 | \$ 35,515 |
| Total Expense Projections | \$ 1,364,860 | \$ 1,419,274 | \$ 1,423,898 | \$ 1,435,468 | \$ 1,450,220 |

| | | | | | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| End of Year Balance | \$40,634 | \$44,765 | \$44,272 | \$46,442 | \$48,237 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|

REST 5 - Year Budget Projections using Funding Option # 2

| | Budget Year | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| REST Revenue | \$ 2,297,234 | \$ 2,343,179 | \$ 2,343,179 | \$ 2,366,610 | \$ 2,390,277 |
| Estimated carry over from prior year | \$ 10,000 | \$ 106,051 | \$ 126,959 | \$ 188,501 | \$ 190,724 |
| Total REST Budget | \$ 2,307,234 | \$ 2,449,230 | \$ 2,470,137 | \$ 2,555,112 | \$ 2,581,001 |

Projected Budget

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program Funding (7%) | \$ 162,000 | \$ 164,000 | \$ 164,000 | \$ 166,000 | \$ 167,000 |
| Program Costs (Admin, Ads, etc) | \$ 300,000 | \$ 303,000 | \$ 305,000 | \$ 303,000 | \$ 301,000 |
| Habitat Project | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 |
| SunWatts Residential Rebates | \$ 349,940 | \$ 432,138 | \$ 443,482 | \$ 494,467 | \$ 510,600 |
| SunWatts Commercial Rebates | \$ 233,294 | \$ 288,092 | \$ 295,655 | \$ 329,645 | \$ 340,400 |
| Total Projected Budget | \$ 2,307,234 | \$ 2,449,230 | \$ 2,470,137 | \$ 2,555,112 | \$ 2,581,001 |

Projected Expenses

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program | \$ 97,200 | \$ 98,400 | \$ 114,800 | \$ 116,200 | \$ 116,900 |
| Interest from loans | \$ (2,916) | \$ (5,609) | \$ (8,266) | \$ (11,354) | \$ (14,429) |
| Program Costs (Admin, Ads, etc) | \$ 250,000 | \$ 251,250 | \$ 251,878 | \$ 251,248 | \$ 250,620 |
| Habitat Project | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 | \$ 17,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 200,000 | \$ 196,000 | \$ 196,000 | \$ 198,000 | \$ 198,000 |
| SunWatts Residential Rebates | \$ 454,923 | \$ 518,566 | \$ 443,482 | \$ 484,578 | \$ 495,282 |
| SunWatts Commercial Rebates | \$ 139,976 | \$ 201,664 | \$ 221,741 | \$ 263,716 | \$ 289,340 |
| Total Expense Projections | \$ 2,201,183 | \$ 2,322,271 | \$ 2,281,636 | \$ 2,364,387 | \$ 2,397,714 |

| | | | | | |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| End of Year Balance | \$106,051 | \$126,959 | \$188,501 | \$190,724 | \$183,287 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|

REST 5 - Year Budget Projections using Funding Option #3

| | Budget Year | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| REST Revenue | \$ 3,009,635 | \$ 3,069,828 | \$ 3,131,224 | \$ 3,203,242 | \$ 3,286,527 |
| Estimated carry over from prior year | \$ 10,000 | \$ 71,787 | \$ 95,603 | \$ 137,191 | \$ 147,466 |
| Total REST Budget | \$ 3,019,635 | \$ 3,141,615 | \$ 3,226,827 | \$ 3,340,433 | \$ 3,433,992 |

Projected Budget

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program Funding (7%) | \$ 200,000 | \$ 215,000 | \$ 219,000 | \$ 224,000 | \$ 230,000 |
| Program Costs (Admin, Ads, etc) | \$ 350,000 | \$ 354,000 | \$ 356,000 | \$ 354,000 | \$ 352,000 |
| Habitat Project | \$ 34,000 | \$ 35,000 | \$ 36,000 | \$ 36,000 | \$ 36,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 800,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| SunWatts Residential Rebates | \$ 354,381 | \$ 295,569 | \$ 342,496 | \$ 408,860 | \$ 462,595 |
| SunWatts Commercial Rebates | \$ 236,254 | \$ 197,046 | \$ 228,331 | \$ 272,573 | \$ 308,397 |
| Total Projected Budget | \$ 3,019,635 | \$ 3,141,615 | \$ 3,226,827 | \$ 3,340,433 | \$ 3,433,992 |

Projected Expenses

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program | \$ 120,000 | \$ 129,000 | \$ 153,300 | \$ 156,800 | \$ 161,000 |
| Interest from loans | \$ (3,600) | \$ (7,353) | \$ (11,038) | \$ (15,322) | \$ (19,872) |
| Program Costs (Admin, Ads, etc) | \$ 350,000 | \$ 351,750 | \$ 352,629 | \$ 351,748 | \$ 350,868 |
| Habitat Project | \$ 34,000 | \$ 35,000 | \$ 36,000 | \$ 36,000 | \$ 36,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 800,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| SunWatts Residential Rebates | \$ 460,695 | \$ 354,683 | \$ 342,496 | \$ 400,683 | \$ 448,718 |
| SunWatts Commercial Rebates | \$ 141,752 | \$ 137,932 | \$ 171,248 | \$ 218,059 | \$ 262,137 |
| Total Expense Projections | \$ 2,947,848 | \$ 3,046,012 | \$ 3,089,636 | \$ 3,192,968 | \$ 3,283,851 |

| | | | | | |
|----------------------------|-----------------|-----------------|------------------|------------------|------------------|
| End of Year Balance | \$71,787 | \$95,603 | \$137,191 | \$147,466 | \$150,141 |
|----------------------------|-----------------|-----------------|------------------|------------------|------------------|

REST 5 - Year Budget Projections using Funding

| | Budget Year | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| REST Revenue | \$ 3,009,635 | \$ 3,069,828 | \$ 3,131,224 | \$ 3,203,242 | \$ 3,286,527 |
| Estimated carry over from prior year | \$ 10,000 | \$ 65,787 | \$ 94,353 | \$ 150,493 | \$ 161,422 |
| Total REST Budget | \$ 3,019,635 | \$ 3,135,615 | \$ 3,225,577 | \$ 3,353,735 | \$ 3,447,949 |

Projected Budget

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program Funding (7%) | \$ 200,000 | \$ 215,000 | \$ 219,000 | \$ 224,000 | \$ 230,000 |
| Program Costs (Admin, Ads, etc) | \$ 200,000 | \$ 202,000 | \$ 203,000 | \$ 202,000 | \$ 201,000 |
| Habitat Project | \$ 34,000 | \$ 35,000 | \$ 36,000 | \$ 36,000 | \$ 36,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 650,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| SunWatts Residential Rebates | \$ 534,381 | \$ 383,169 | \$ 433,546 | \$ 508,041 | \$ 561,570 |
| SunWatts Commercial Rebates | \$ 356,254 | \$ 255,446 | \$ 289,031 | \$ 338,694 | \$ 374,380 |
| Total Projected Budget | \$ 3,019,635 | \$ 3,135,615 | \$ 3,225,577 | \$ 3,353,735 | \$ 3,447,949 |

Projected Expenses

| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Loan Program | \$ 120,000 | \$ 129,000 | \$ 153,300 | \$ 156,800 | \$ 161,000 |
| Interest from loans | \$ (3,600) | \$ (7,353) | \$ (11,038) | \$ (15,322) | \$ (19,872) |
| Program Costs (Admin, Ads, etc) | \$ 200,000 | \$ 201,000 | \$ 201,503 | \$ 200,999 | \$ 200,496 |
| Habitat Project | \$ 34,000 | \$ 35,000 | \$ 36,000 | \$ 36,000 | \$ 36,000 |
| CREB Bonds for Schools | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 | \$ 1,045,000 |
| Large Scale Renewables (CREBs) or PPA | \$ 650,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| SunWatts Residential Rebates | \$ 694,695 | \$ 459,803 | \$ 433,546 | \$ 497,880 | \$ 544,722 |
| SunWatts Commercial Rebates | \$ 213,752 | \$ 178,812 | \$ 216,773 | \$ 270,955 | \$ 318,223 |
| Total Expense Projections | \$ 2,953,848 | \$ 3,041,262 | \$ 3,075,084 | \$ 3,192,313 | \$ 3,285,569 |

| | | | | | |
|----------------------------|-----------------|-----------------|------------------|------------------|------------------|
| End of Year Balance | \$65,787 | \$94,353 | \$150,493 | \$161,422 | \$162,380 |
|----------------------------|-----------------|-----------------|------------------|------------------|------------------|

Estimated Impact of Tariff on Customers

Average Collections (\$)

| Rate Class | Option #3 |
|-------------------|-----------|
| Residential | 2.98 |
| General Service * | 8.95 |

| | |
|-------------|--------|
| Irrigation | 35.19 |
| Rate P & IP | 127.45 |
| 3MW + Cap | 300.00 |

Percentage Reaching Caps

| Rate Class | Option #3 |
|-------------------|-----------|
| Residential | 65.5% |
| General Service * | 1.0% |
| Irrigation | 57.8% |
| Rate P & IP | 35.5% |
| 3MW + Cap | 100.0% |

* This rate class includes private wells that will never reach the cap and lower both the average collected and percentage reaching the cap.

Sample Customer Impacts

| Sample Customers | Average kWh | Monthly Bill Impact | | | |
|------------------------------------|-------------|---------------------|----------|-----------|-----------|
| | | 2009 | 2010 #1 | 2010 #2 | 2010 #3 |
| Barber Shop | 3,541 | \$ 17.71 | \$ 17.71 | \$ 28.10 | \$ 28.10 |
| Department Store | 161,760 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Mall (less tenants) | 61,872 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Retail Video Store | 12,843 | \$ 42.00 | \$ 42.00 | \$ 75.00 | \$ 85.00 |
| Large Hotel | 30,700 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Large Building Supply and Hardware | 157,707 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Motel | 30,227 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Large Office Building | 78,120 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Hospital | 360,075 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Supermarket | 117,860 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Convenience Store | 18,403 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 146.06 |
| School | 67,967 | \$ 42.00 | \$ 42.00 | \$ 120.00 | \$ 200.00 |
| Irrigation Customer | 51,745 | \$ 42.00 | \$ 42.00 | \$ 50.00 | \$ 50.00 |

| Sample Customers | Average kWh | Monthly Bill Impact | |
|------------------------------------|-------------|---------------------|-----------|
| | | 2009 | 2010 |
| Average Residential Customer | 800 | \$ 1.30 | \$ 3.49 |
| Barber Shop | 3,541 | \$ 17.71 | \$ 28.10 |
| Department Store | 161,760 | \$ 42.00 | \$ 200.00 |
| Mall (less tenants) | 61,872 | \$ 42.00 | \$ 200.00 |
| Retail Video Store | 12,843 | \$ 42.00 | \$ 85.00 |
| Large Hotel | 30,700 | \$ 42.00 | \$ 200.00 |
| Large Building Supply and Hardware | 157,707 | \$ 42.00 | \$ 200.00 |
| Motel | 30,227 | \$ 42.00 | \$ 200.00 |
| Large Office Building | 78,120 | \$ 42.00 | \$ 200.00 |
| Hospital | 360,075 | \$ 42.00 | \$ 200.00 |
| Supermarket | 117,860 | \$ 42.00 | \$ 200.00 |
| Convenience Store | 18,403 | \$ 42.00 | \$ 146.06 |
| School | 67,967 | \$ 42.00 | \$ 200.00 |
| Irrigation Customer | 51,745 | \$ 42.00 | \$ 50.00 |

Estimated renewable additional capacity from 2010 program

| Estimated kW added | Option #3 |
|-----------------------------|-----------|
| Large Scale Renewables PPA* | 3,653.0 |
| Residential Rebates | 118.1 |
| C&I rebates | 78.8 |
| Total | 3,849.8 |

* PPA assumes a \$0.10 adder to normal wholesale cost

Goals as a percentage of kWh sales and Renewable capacity needed to meet goals

| Renewable Energy Goals | | | | | |
|-------------------------------|---|-------------------------------|--|---|-------------------------------------|
| Year | Retail Sales (MWh) from the 2008 PRS | Renewable Goal (%) | Renewable Energy Needed (MWh) | Renewable Capacity needed (MW) | Renewable MW Installed * |
| 2007 | 796,093 | .5% | 3,980 | 1.8 | .14 |
| 2008 | 819,072 | .5% | 4,095 | 1.9 | .31 |
| 2009 | 886,759 | 1.0% | 8,868 | 4.0 | 2.3 |
| 2010 | 917,376 | 1.3% | 11,467 | 5.2 | 3.4 |
| 2011 | 945,922 | 1.5% | 14,189 | 6.5 | |
| 2012 | 973,679 | 1.8% | 17,039 | 7.8 | |
| 2013 | 998,033 | 2.0% | 19,961 | 9.1 | |
| 2014 | 1,023,514 | 2.3% | 23,029 | 10.5 | |
| 2015 | 1,047,502 | 2.5% | 26,188 | 12.0 | |
| 2016 | 1,073,556 | 3.0% | 32,207 | 14.7 | |
| 2017 | 1,097,220 | 3.5% | 38,403 | 17.5 | |
| 2018 | 1,122,319 | 4.0% | 44,893 | 20.5 | |
| 2019 | 1,149,655 | 4.5% | 51,734 | 23.6 | |
| 2020 | 1,176,514 | 5.0% | 58,826 | 26.9 | |
| 2021 | 1,202,185 | 5.5% | 66,120 | 30.2 | |
| 2022 | 1,228,846 | 6.0% | 73,731 | 33.7 | |
| 2023 | 1,254,640 | 6.5% | 81,552 | 37.2 | |
| 2024 | 1,281,112 | 7.0% | 89,678 | 40.9 | |
| 2025 | 1,305,392 | 7.5% | 97,904 | 44.7 | |

* 2010 installed estimate based on funding option #2

| Renewable Energy Goals | | | | | |
|-------------------------------|---|-------------------------------|--|---|---------------------------------------|
| Year | Retail Sales (MWh) from the 2008 PRS | Renewable Goal (%) | Renewable Energy Needed (MWh) | Renewable Capacity needed (MW) | Renewable MW Installed |
| 2007 | 796,093 | .5% | 3,980 | 1.8 | .14 |
| 2008 | 819,072 | .5% | 4,095 | 1.9 | .31 |
| 2009 | 886,759 | 1.00% | 8,868 | 4.0 | 2.3 |
| 2010 | 917,376 | 1.25% | 11,467 | 5.2 | 5.56* |
| 2011 | 945,922 | 1.50% | 14,189 | 6.5 | |
| 2012 | 973,679 | 1.75% | 17,039 | 7.8 | |
| 2013 | 998,033 | 2.00% | 19,961 | 9.1 | |
| 2014 | 1,023,514 | 2.25% | 23,029 | 10.5 | |
| 2015 | 1,047,502 | 2.50% | 26,188 | 12.0 | |
| 2016 | 1,073,556 | 3.00% | 32,207 | 14.7 | |
| 2017 | 1,097,220 | 3.50% | 38,403 | 17.5 | |
| 2018 | 1,122,319 | 4.00% | 44,893 | 20.5 | |
| 2019 | 1,149,655 | 4.50% | 51,734 | 23.6 | |
| 2020 | 1,176,514 | 5.00% | 58,826 | 26.9 | |
| 2021 | 1,202,185 | 5.50% | 66,120 | 30.2 | |
| 2022 | 1,228,846 | 6.00% | 73,731 | 33.7 | |
| 2023 | 1,254,640 | 6.50% | 81,552 | 37.2 | |
| 2024 | 1,281,112 | 7.00% | 89,678 | 40.9 | |

| | | | | | |
|------|-----------|-------|--------|------|--|
| 2025 | 1,305,392 | 7.50% | 97,904 | 44.7 | |
|------|-----------|-------|--------|------|--|

*Estimated

The REST Regulations Section R14-2-1814 allows the Cooperatives to submit a plan as a substitute from the percentage of kWh sold requirements as set for the investor owned utilities as set forth in R14-2-1804 and R14-3-1805. SSVEC is voluntarily setting goals in the form of a percentage of sales to conform to the reporting requirements of the non-exempt utilities.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willcox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about January 1, 2008 and billed beginning with the February 2008 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.005 per kWh subject to the following maximum per month:

| | |
|-------------------------------|----------|
| Residential Consumers | \$1.30 |
| Commercial & Industrial | \$42.00 |
| Industrial (Demand over 3MWs) | \$150.00 |

Exhibit B (Funding Option #1)

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willecox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: ~~For electrical usage beginning on or about October 1, 2009 and billed beginning with the November 2009 cycle billings.~~

Applicability

~~The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single or three phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.~~

Rate

~~\$0.005 per kWh provided by the Cooperative~~

~~Subject to the following maximum per month:~~

| | |
|---|----------------------|
| Residential Consumers (Rates R, RT) | \$ 1.30 |
| General Service (Rates GS, GT, non residential rates not listed below) | \$ 42.00 |
| Irrigation Customers (Rates CD, CW, CD Large, IL, IS) | \$ 42.00 |
| Commercial & Industrial (Rates P, IP, PRV, PT) | \$ 42.00 |
| Industrial (Demand over 3MWs) | \$ 150.00 |

Schedule of fee's for SunWatts inspections:

| | |
|---|-------------------------|
| 1st inspection | no charge |
| 2nd inspection (if needed*) | \$ 75.00 |
| 3rd and subsequent inspections (if needed*) | \$150.00 ea. |

~~additional inspections charges are subtracted from any rebates or PBI and only required when violations of the inter connection requirements, the National Electric Code, or safety issues are found during the current inspection that can not be corrected during the first or subsequent inspection. Inspection fee to be returned to the REST funds.~~

Exhibit C (Funding Option #2)

~~SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.~~

~~Sulphur Springs Valley Electric Cooperative
PO Box 820
Willecox, Arizona 85644~~

~~SCHEDULE REST
Renewable Energy Surcharge Tariff~~

~~Effective: For electrical usage beginning on or about October 1, 2009 and billed beginning with the November 2009 cycle billings.~~

~~Applicability~~

~~The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single or three phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.~~

~~Rate~~

~~\$0.007937 per kWh provided by the Cooperative~~

~~Subject to the following maximum per month:~~

| | |
|---|---------------------|
| Residential Consumers (Rates R, RT) | \$ 1.95 |
| General Service (Rates GS, GT, non residential rates not listed below) | \$ 75.00 |
| Irrigation Customers (Rates CD, CW, CD Large, IL, IS) | \$ 50.00 |
| Commercial & Industrial (Rates P, IP, PRV, PT) | \$120.00 |
| Industrial (Demand over 3MWs) | \$200.00 |

~~Schedule of fee's for SunWatts inspections:~~

| | |
|---|-------------------------|
| 1st inspection | no charge |
| 2nd inspection (if needed*) | \$ 75.00 |
| 3rd and subsequent inspections (if needed*) | \$150.00 ea. |

~~* additional inspections charges are subtracted from any rebates or PBI and only required when violations of the inter-connection requirements, the National Electric Code, or safety issues are found during the current inspection that can not be corrected during the first or subsequent inspection. Inspection fee to be returned to the REST funds.~~

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willcox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about ~~October~~ January 1, 2009-2010
and billed beginning with the ~~November~~ February 2009-2010 cycle
billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.007937 per kWh provided by the Cooperative

Subject to the following maximum per month:

| | |
|--|----------|
| Residential Consumers(Rates R, RT) | \$ 3.49 |
| General Service (Rates GS, GT, non-residential rates not listed below) | \$ 85.00 |
| Irrigation Customers (Rates CD, CW, CD-Large, IL, IS) | \$ 50.00 |
| Commercial & Industrial (Rates P, IP, PRV, PT) | \$200.00 |
| Industrial (Demand over 3MWs) | \$300.00 |

Schedule of fee's for SunWatts inspections:

| | |
|---|--------------|
| 1 st inspection | no charge |
| 2 nd inspection (if needed*) | \$ 75.00 |
| 3 rd and subsequent inspections (if needed*) | \$150.00 ea. |

* additional inspections charges are subtracted from any rebates or PBI and only required when violations of the inter-connection requirements, the National Electric Code, or

safety issues are found during the current inspection that can not be corrected during the first or subsequent inspection. Inspection fee to be returned to the REST funds.